Large Cap Value Portfolio
All-Cap Portfolio

Mid-Year Update 2017

Davis Advisors

The Equity Specialists™

Large Cap Value Portfolio Commentary

Market Perspectives

In the first half of 2017 the U.S. stock market advanced with the S&P 500 Index returning 9.3%. The Davis Large Cap Value Portfolio also delivered positive results but trailed the Index in the period primarily due to energy.[1]

The U.S. economy continues to expand with relatively full employment, prompting the Federal Reserve to raise short-term interest rates earlier this year. Still, both interest rates and inflation remain subdued. At the same time, many U.S. businesses have generated what we consider rather robust earnings growth in recent periods. Market valuations reflect this healthy backdrop on balance. Given this fact, we believe it is perhaps more critical than at any other point in the current business cycle for investors to select companies individually using true active management as businesses differ widely in their growth rates and valuations and, as a result, in their risk and return profiles. We continue to find value on a company by company basis and are focusing heavily on areas of the market where operating margins have room to improve and where meaningful inefficiencies persist such as financial services, energy and industrial businesses. We have also made long-term investments in leading technology companies whose long-term growth is more durable than the market recognizes in our estimation.

When evaluating the investment landscape, we do not make investment decisions based on short-term forecasts, which history has shown can be unreliable. Instead, we focus on the important and knowable while maintaining a long-term perspective.

In today's market, our long-range assumptions include:

- Equities should outperform bonds over the next decade given bond yields are at low levels not seen for centuries.[2]
- Within the equity universe, selectivity is critical. Durable, well-managed businesses whose true value is not recognized by the market in the near term should ultimately outperform.
- Opportunities in today's market include global leaders selling at bargain prices, dominant lesser-known businesses in necessary economic niches, blue chips of tomorrow, and beneficiaries of short-term misperceptions.
- Risks in today's market include companies with near peak profit margins and overvalued dividend darlings that are riskier than they appear.
- Technology and globalization are reconfiguring industries at an unprecedented rate. Many longstanding brands and business moats that enable companies to maintain competitive advantages are being disrupted in unexpected ways. For example, in recent years, iconic companies in the newspaper, retailing and media industries have become obsolete. At the current rate of change, 75% of the companies in the S&P 500 Index could be replaced in the coming decade. To succeed, investors should avoid conventional thinking and remain flexible.

Portfolio Review

The Davis Large Cap Value Portfolio is built from the bottom up, company by company, with the goal of compounding our investors' capital at a satisfactory rate over a multiyear time horizon. In our experience, this patient, time-tested approach is a reliable method for growing shareholder wealth over the long term.

The Portfolio holds three categories of investments:

- Dominant market leaders
- Lesser-known, "out-of-the-spotlight" businesses
- Contrarian investments[3]

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results. 1.** Davis Advisors' Large Cap Value SMA Composite, gross of fees. The Davis Large Cap Value SMA Composite is a representation of Davis Advisors' overall results employing this strategy. Individual account performance may vary. Inception of Composite is April 1, 1969. **2.** Common stocks and bonds represent different asset classes subject to different risks and rewards. Unlike bonds, the Portfolio does not offer a fixed rate of return if held to maturity, and the Portfolio has risks not associated with holding a bond. Bonds are considered to have less risk than equities. Future economic events may favor one asset class over another. **3.** While we research companies subject to such contingencies, we cannot be correct every time, and a company's stock may never recover.

With more than $2.5 trillion in assets, JPMorgan Chase is a representative market leader in the Portfolio.[4] Its diversified operations include one of the top private banks in the country, one of the largest investment banks, the largest credit card company as measured by loans outstanding, and one of the top five asset managers in terms of assets under management. This well-diversified business mix provides some stability for the company's cash flow through various economic cycles.

Current out-of-the-spotlight businesses in the Portfolio include CarMax, Liberty Interactive and Express Scripts.

CarMax is the leading nationwide used car dealership selling two and a half times more cars than its nearest competitor. Unlike new cars, which are a commodity, each used car is unique in terms of mileage and ownership history, offering CarMax the potential for solid profitability almost regardless of underlying economic conditions. The company continues to increase its dealership locations in a highly fragmented market with many years of growth ahead in our view.

Liberty Interactive is an e-commerce business controlled by John Malone that derives the majority of its current revenue from its ownership of QVC, the nation's largest home shopping network. QVC continues to grow both domestically and internationally and the company typically buys back about 5% of its shares each year. Liberty Interactive also owns an array of other e-commerce businesses as well as a 38% stake in its main rival, Home Shopping Network.

Express Scripts is a market-leading U.S.-based pharmaceutical benefits management firm. While the health care industry continues to undergo change, we believe Express Scripts maintains a highly durable competitive position and, trading at less than 13 times earnings, offers value to patient long-term shareholders.

Among the more contrarian investments in the Portfolio are select energy companies that, despite recent volatility in energy prices as well as share prices for the group as a whole, remain undervalued in our view based on their current and expected production growth per share.

During the quarter, we sold our investment in Monsanto in order to allocate capital to other investment opportunities.

Overall, we believe the durability and growth potential of the individually selected companies that make up the Davis Large Cap Value Portfolio position us strongly for the years and even decades to come.

At Davis Advisors we seek to own durable businesses at attractive prices that can be held for the long term. The Davis family, our firm and our employees have more than $2 billion invested side by side with clients.[5] We look forward to continuing our investment journey together. ■

4. Holdings discussed in this commentary are selected according to objective, nonperformance-based criteria. They are chosen each quarter according to a consistent methodology based on their weight in the Davis Advisors Large Cap Value model portfolio as well as recent purchases and recent sales and are intended only as illustrations of the Davis Investment Discipline. They are not recommendations to buy, sell or hold any security. Individual account holdings may vary. **5.** As of June 30, 2017.

Davis ADVISORS

Large Cap Value Portfolio Profile

June 30, 2017

Long-Term Capital Appreciation

	VALUE	GROWTH
LARGE	■	
SMALL		

Davis Large Cap Value is a portfolio of attractive businesses primarily in the U.S. selected using the time-tested Davis Investment Discipline. As one of the largest investors in the strategy, we have a unique commitment to client stewardship.

Why Invest in the Davis Large Cap Value Portfolio

- **Equity-Focused Research Firm:** Established in 1969, Davis is a leading specialist in equity investing.
- **Portfolio of Best of Breed Businesses:** The Portfolio invests in businesses in the U.S. Utilizing rigorous independent research, we invest in durable, well-managed businesses with sustainable competitive advantages and attractive long-term growth prospects selling at a discount to their true value.
- **We Are Among the Largest Investors in the Strategy:** We have a unique commitment to stewardship, generating attractive long-term results, managing risks and minimizing fees.

Experienced Management

Chris Davis, *28 years with Davis Advisors*
Danton Goei, *19 years with Davis Advisors*

Our Investment Alongside Our Clients

We have more than $2 billion of our own money invested side by side with clients.[1]

Top 10 Holdings[2]

Alphabet	6.5%
Amazon.com	6.0
Wells Fargo	5.9
Berkshire Hathaway	5.7
JPMorgan Chase	5.7
Bank of New York Mellon	5.2
Apache	4.9
American Express	4.7
United Technologies	4.3
Costco Wholesale	3.4

Industry Groups[3]

Diversified Financials	19.4%
Technology	15.6
Banks	12.2
Energy	11.2
Retailing	10.0
Capital Goods	7.5
Pharmaceuticals & Health Care	6.5
Materials	4.4
Automobiles & Components	4.1
Food & Staples	3.6
Insurance	2.1
Transportation	1.9
Media	1.5

Portfolio Characteristics

	Portfolio	S&P 500 Index
Number of Holdings	36	505
Turnover Rate (%)	14.1	4.7
Median Market Cap ($bn)	55.4	20.8
Weighted Average Market Cap ($bn)	178.1	163.6
Trailing Positive P/E Ratio	20.3	21.7
P/E Ratio FY1	19.1	18.6
P/B	3.3	3.8
Weighted Average Yield (%)	1.3	2.0
EPS Growth–Last 5 years (%)	12.2	11.9
Beta (3 years)	1.1	1.0
R-Squared	0.8	1.0

Portfolio characteristics, holdings and industry groups are subject to change. Davis Advisors classifies its Large Cap Value Portfolio as such based on its overall investment strategy. At the time of this report, this classification may or may not agree with classifications by other third party information services. **1.** Includes the Davis family, Davis Advisors, employees and directors. As of June 30, 2017. **2.** For information purposes only. Not a recommendation to buy or sell any security. **3.** Sources: Davis Advisors and Wilshire Atlas.

Davis ADVISORS

Large Cap Value Portfolio Holdings

June 30, 2017

Ticker	Security Description	Percent
MULTI	Alphabet (Class A and C)	6.5%
AMZN	Amazon.com	6.0
WFC	Wells Fargo	5.9
BRK/B	Berkshire Hathaway-Class B	5.7
JPM	JPMorgan Chase	5.7
BK	Bank of New York Mellon	5.2
APA	Apache	4.9
AXP	American Express	4.7
UTX	United Technologies	4.3
COST	Costco Wholesale	3.4
AET	Aetna	3.0
COF	Capital One Financial	2.9
FB	Facebook	2.9
JCI	Johnson Controls	2.8
TXN	Texas Instruments	2.4
ADNT	Adient PLC	2.3
ECA	Encana	2.1
OXY	Occidental Petroleum	2.1
KMX	CarMax	1.9
PX	Praxair	1.9
UNH	UnitedHealth Group	1.9
FDX	FedEx	1.8
DLPH	Delphi Automotive PLC	1.6
AXTA	Axalta Coating Systems	1.5
COG	Cabot Oil & Gas	1.5
LBTYK	Liberty Global PLC-Series C	1.4
ESRX	Express Scripts Holding	1.3
PCLN	Priceline Group	1.3
L	Loews	1.2
MSFT	Microsoft	1.2
V	Visa-Class A	1.0
CB	Chubb	0.8
ECL	Ecolab	0.8
ORCL	Oracle	0.8
QVCA	Liberty Interactive-Series A	0.3
CASH		5.0
TOTAL		**100.0%**

All-Cap Portfolio Commentary

Market Perspectives

In the first half of 2017 the U.S. stock market advanced with the S&P 500 Index returning 9.3% and the Russell 3000 Index returning 8.9%. The Davis All-Cap Portfolio performed roughly in with the broader market.[1] During the period consumer discretionary and information technology contributed to relative results while energy was a detractor.

The U.S. economy continues to expand with relatively full employment, prompting the Federal Reserve to raise short-term interest rates earlier this year. Still, both interest rates and inflation remain subdued. At the same time, many U.S. businesses have generated what we consider rather robust earnings growth in recent periods. Market valuations reflect this healthy backdrop on balance. Given this fact, we believe it is perhaps more critical than at any other point in the current business cycle for investors to select companies individually using true active management as businesses differ widely in their growth rates and valuations and, as a result, in their risk and return profiles. We continue to find value on a company by company basis and are focusing heavily on areas of the market where operating margins have room to improve and where meaningful inefficiencies persist such as financial services, energy and industrial businesses. We have also made long-term investments in leading technology companies whose long-term growth is more durable than the market recognizes in our estimation.

When evaluating the investment landscape, we do not make investment decisions based on short-term forecasts, which history has shown can be unreliable. Instead, we focus on the important and knowable while maintaining a long-term perspective.

In today's market, our long-range assumptions include:

- Equities should outperform bonds over the next decade given bond yields are at low levels not seen for centuries.[2]
- Within the equity universe, selectivity is critical. Durable, well-managed businesses whose true value is not recognized by the market in the near term should ultimately outperform.
- Opportunities in today's market include global leaders selling at bargain prices, dominant lesser-known businesses in necessary economic niches, blue chips of tomorrow, and beneficiaries of short-term misperceptions.
- Risks in today's market include companies with near peak profit margins and overvalued dividend darlings that are riskier than they appear.
- Technology and globalization are reconfiguring industries at an unprecedented rate. Many longstanding brands and business moats that enable companies to maintain competitive advantages are being disrupted in unexpected ways. For example, in recent years, iconic companies in the newspaper, retailing and media industries have become obsolete. At the current rate of change, 75% of the companies in the S&P 500 Index could be replaced in the coming decade. To succeed, investors should avoid conventional thinking and remain flexible.

Portfolio Review

The Davis All-Cap Portfolio is built from the bottom up, company by company, with the goal of compounding our investors' capital at a satisfactory rate over a multiyear time horizon. In our experience, this patient, time-tested approach is a reliable method for growing shareholder wealth over the long term.

The Portfolio holds three categories of investments:

- Dominant market leaders
- Lesser-known, "out-of-the-spotlight" businesses
- Contrarian investments[3]

This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. Equity markets are volatile and an investor may lose money. **Past performance is not a guarantee of future results. 1.** Davis Advisors' Multi-Cap SMA Composite, gross of fees. The Davis Advisors' Multi-Cap SMA Composite is a representation of Davis Advisors' overall results employing this strategy. Individual account performance may vary. Inception of Composite is January 1, 1999. **2.** Common stocks and bonds represent different asset classes subject to different risks and rewards. Unlike bonds, the Portfolio does not offer a fixed rate of return if held to maturity, and the Portfolio has risks not associated with holding a bond. Bonds are considered to have less risk than equities. Future economic events may favor one asset class over another. **3.** While we research companies subject to such contingencies, we cannot be correct every time, and a company's stock may never recover.

Amazon, an e-commerce giant that has profoundly reshaped the retail industry over the years, is an example of a market leader in the Portfolio.[4] Amazon offers an optional membership-based business model through its Amazon Prime service. In addition to its retail business, Amazon has a state-of-the-art, rapidly growing web services business that enables companies and other organizations to outsource their computer systems to Amazon's digital cloud.

Oracle, a new holding to the Portfolio, offers a wide array of enterprise information technology solutions including cloud applications, databases, and engineered systems to 420,000 customers in more than 145 countries. The company provides a wide choice of software, systems, and cloud deployment models, including public, on-premises and hybrid clouds to allow businesses to work efficiently and simplify work flows. Oracle is the second largest enterprise software company, the largest database company by revenue, and the second largest enterprise application company. Oracle's large market share, focus on expanding cloud-based solutions and modest current valuation make the company an attractive addition to our Portfolio.

Facebook, which has quickly emerged as a market leader, is the largest social network in the world with more than 1.5 billion active monthly users and an expanding array of offerings including Instagram, Messenger, WhatsApp, and Oculus. Given Facebook's enormous scale and expanding user base the company is in a unique position to offer advertisers extensive targeted data and analytics on consumer preferences as well to interact with consumers directly in a large-scale, highly efficient manner. We expect Facebook's earnings power to increase dramatically as advertisers continue to devote more of their advertising budgets to online platforms, especially the burgeoning market for mobile devices.

Adient is a representative out-of-the-spotlight holding in the Portfolio. The company was spun off from Johnson Controls in 2016 at roughly five times earnings, offering an attractive risk/reward profile for this major global supplier of automotive seating systems and components.

Among the more contrarian investments in the Portfolio is Fang Holdings (formerly SouFun Holdings), one of the largest real estate listing services in China. A few years ago the company ventured into the business of full-service real estate brokerage, which has proven more challenging than anticipated. As a result, Fang is refocusing on its listings business where the company has a strong competitive position and exiting the full-service brokerage business. The company is undervalued in our view relative to its long-term earnings power.

During the quarter, we sold our investment in Monsanto in order to allocate capital to other investment opportunities.

Overall, we believe the durability and growth potential of the individually selected companies that make up the Davis All-Cap Portfolio position us strongly for the years and even decades to come.

At Davis Advisors we seek to own durable businesses at attractive prices that can be held for the long term. The Davis family, our firm and our employees have more than $2 billion invested side by side with clients.[5] We look forward to continuing our investment journey together. ■

4. Individual securities are discussed in this piece. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. The return of a security to the Fund will vary based on weighting and timing of purchase. This is not a recommendation to buy, sell or hold any specific security. **Past performance is not a guarantee of future results. 5.** As of June 30, 2017.

Davis ADVISORS

All-Cap Portfolio Profile

June 30, 2017

Investment Discipline

The Davis All-Cap Portfolio applies the firm's signature research process to a portfolio of small, medium and large size companies.

- The Davis All-Cap Portfolio is team managed. The managers collaborate, sharing ideas and responsibilities for selecting the Portfolio's investments.
- The investment management team of the Davis All-Cap Portfolio has significant co-investments alongside clients in the same strategy. In addition, the team's compensation is tied to long-term investment results. These facts help to ensure an appropriate alignment of interests with clients.
- The Davis All-Cap Portfolio is appropriate for: 1) Investors who understand opportunistic strategies that are not bound by market cap, sector or industry constraints may offer the potential for attractive long-term results;[1] 2) Investors who need a diversified equity solution that offers access to small, medium and large companies; 3) Investors who already have an appreciation for Davis Advisors' signature investment approach, firm history and culture of stewardship.

Market Capitalization

Small Cap	7.8%
Mid Cap	10.8
Large Cap	81.4

Top 10 Holdings[2]

Alphabet	6.6%
Amazon.com	6.0
Apache	6.0
Wells Fargo	6.0
Cabot Oil & Gas	5.1
United Technologies	4.6
Delphi Automotive PLC	4.1
Encana	3.9
UnitedHealth Group	3.6
Aetna	3.5

Industry Groups[3]

Technology	22.2%
Energy	16.6
Pharmaceuticals & Health Care	11.1
Capital Goods	10.6
Banks	9.0
Retailing	8.9
Automobiles & Components	7.4
Diversified Financials	4.5
Transportation	3.5
Insurance	2.4
Materials	2.2
Media	1.6

Portfolio Characteristics

	Portfolio	Russell 3000 Index
Number of Holdings	37	2,998
Turnover Rate (%)	35.3	3.1
Trailing Positive P/E Ratio	22.4	21.8
EPS Growth–Last 5 years (%)	13.0	12.6
Standard Deviation (5 years)[4]	11.2	9.8

1. An investor must be willing to accept the increased volatility which accompanies the potential for attractive long-term results. See endnotes for a description of the principal risks. **2.** For information purposes only. Not a recommendation to buy or sell any security. **3.** Sources: Davis Advisors and Wilshire Atlas. **4.** Source: Morningstar Direct.

Davis ADVISORS

All-Cap Portfolio Holdings

June 30, 2017

Ticker	Security Description	Percent
MULTI	Alphabet (Class A and C)	6.6%
AMZN	Amazon.com	6.0
APA	Apache	6.0
WFC	Wells Fargo	6.0
COG	Cabot Oil & Gas	5.1
UTX	United Technologies	4.6
DLPH	Delphi Automotive PLC	4.1
ECA	Encana	3.9
UNH	UnitedHealth Group	3.6
AET	Aetna	3.5
ANGI	Angie's List	3.4
BRK/B	Berkshire Hathaway-Class B	3.1
ETN	Eaton PLC	3.1
ADNT	Adient PLC	3.0
JPM	JPMorgan Chase	2.7
JCI	Johnson Controls	2.5
FB	Facebook	2.4
MKL	Markel	2.3
AXTA	Axalta Coating Systems	2.1
JD	JD.com-ADR	2.1
FDX	FedEx	2.0
AMAT	Applied Materials	1.6
LBTYK	Liberty Global PLC-Series C	1.5
ORCL	Oracle	1.5
TXN	Texas Instruments	1.5
DPLO	Diplomat Pharmacy	1.4
ZTO	ZTO Express Cayman-ADR	1.4
MSFT	Microsoft	1.3
COF	Capital One Financial	1.2
ESRX	Express Scripts Holding	1.2
SFUN	Fang, Class A-ADR	1.2
SAP	SAP SE-ADR	1.1
CXO	Concho Resources	1.0
DGX	Quest Diagnostics	1.0
QUOT	Quotient Technology	1.0
VIPS	Vipshop Holdings-ADR	0.5
CASH		3.5
TOTAL		**100.0%**

Investment Management Team

Christopher C. Davis joined Davis Advisors in 1989. He has more than 29 years experience in investment management and securities research. He is a portfolio manager for the Davis Large Cap Value Portfolios and a member of the research team for other portfolios. Mr. Davis received his M.A. from the University of St. Andrews in Scotland.

Danton G. Goei joined Davis Advisors in 1998. He is a portfolio manager for the Davis Large Cap Value Portfolios and a member of the research team for other portfolios. Mr. Goei received his B.A. from Georgetown University and his M.B.A. from The Wharton School. He was previously employed at Bain & Company, Morgan Stanley Asia Ltd. and Citicorp. Mr. Goei speaks multiple languages and has lived in Europe, Asia and currently resides in New York City.

Dwight C. Blazin joined Davis Advisors in 1995. He was previously a consultant for IT Consulting and Systems Design. His research analysis has been shaped by working with Shelby M.C. Davis for more than five years. Mr. Blazin received his B.A. from Brigham Young University and his M.A. and Ph.D. from New York University.

Darin Prozes joined Davis Advisors in 2004. He previously worked for the Parthenon Group, a strategy consulting firm. Mr. Prozes received his B.A. from Princeton University and his M.B.A. from Stanford University.

John Chen joined Davis Advisors in 2007. He previously was employed at Milbank, Tweed, Hadley & McCloy LLP. Mr. Chen received his B.A. from the University of Chicago and his J.D. from Georgetown University.

Pierce B.T. Crosbie joined Davis Advisors in 2008. Previously, he worked as a research analyst at Davidson Kempner Capital Management in the distressed debt group, and in the mergers and acquisitions group at RBC Capital Markets. Mr. Crosbie received his B.A. from McGill University and his M.B.A. from the Harvard Business School and is a CFA charter holder.

Kent Y. Whitaker joined Davis Advisors in 2014. Previously, he worked at Amoco Corporation, British Petroleum, Hunt Energy Corporation, and Asarco. Kent holds a B.A. from Dartmouth College, a M.S. from Miami University and a M.B.A. from the Amos Tuck Business School.

Edward Yen joined Davis Advisors in 2013. Previously, he worked at Dodge & Cox and Lehman Brothers. Mr. Yen received his B.S. from the University of California, Berkeley and his M.B.A. from Stanford University.

Davis ADVISORS

Contacts

Cynthia Chamberlayne, National Director
212-891-5569, cchamberlayne@dsaco.com

Ed Snowden, Manager, Regional Representatives
800-717-3477 Ext. 8267, esnowden@dsaco.com

Contact Regional Directors or Regional Representatives to arrange meetings or for information on our investment process, philosophy and performance.

Central Arizona, Arkansas, Idaho, Iowa, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming			
Dan Steichen	Regional Director	800-279-2279 Ext. 2262	dsteichen@dsaco.com
Sean Lynch	Senior Regional Representative	800-717-3477 Ext. 2675	slynch@dsaco.com
Pacific Northwest Alaska, Colorado, Hawaii, Northern California, Oregon, Washington			
Joe Emhof	Regional Director	800-279-2279 Ext. 3786	jemhof@dsaco.com
Jon Franke	Senior Regional Representative	800-717-3477 Ext. 2663	jfranke@dsaco.com
South Central Louisiana, Oklahoma, Southern California, Texas			
Mark Giles	Regional Director/Portfolio Specialist	800-279-2279 Ext. 6908	mgiles@dsaco.com
Marty Smith	Regional Representative	800-717-3477 Ext. 2674	martysmith@dsaco.com
Great Lakes Illinois, Indiana, Kentucky, Minnesota, Southern Ohio, Wisconsin			
Bill Coughlin	Regional Director	800-279-2279 Ext. 3783	bcoughlin@dsaco.com
Nancy Brennan	Senior Regional Representative	800-717-3477 Ext. 2679	nbrennan@dsaco.com
Southeast Alabama, Florida, Georgia, Mississippi, Puerto Rico			
Peter Yensel	Regional Director	800-279-2279 Ext. 3785	pyensel@dsaco.com
Mike Longoni	Senior Regional Representative	800-717-3477 Ext. 2261	mlongoni@dsaco.com
Northeast Maine, Massachusetts, Michigan, New Hampshire, Northern New York, Rhode Island, Vermont			
Steve Coyle	Regional Director	800-279-2279 Ext. 3790	coyle@dsaco.com
Danielle Irwin	Senior Regional Representative	800-717-3477 Ext. 2682	dirwin@dsaco.com
New York City Connecticut, Southern New York			
John Delaney	Regional Director	800-279-2279 Ext. 3787	jdelaney@dsaco.com
Laurel Hardy	Regional Representative	800-717-3477 Ext. 2683	lhardy@dsaco.com
North Atlantic Delaware, New Jersey, Northern Ohio, Pennsylvania			
Reed Finley	Regional Director	800-279-2279 Ext. 6906	rfinley@dsaco.com
Ilia Geronov	Senior Regional Representative	800-717-3477 Ext. 2677	igeronov@dsaco.com
Mid-Atlantic Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee, Virginia, Washington DC, West Virginia			
Randy Payne	Regional Director	800-279-2279 Ext. 6905	rpayne@dsaco.com
Mari Downey	Senior Regional Representative	800-717-3477 Ext. 2665	mdowney@dsaco.com

This material may be shared with existing and potential clients to provide information concerning market conditions and the investment strategies and techniques used by Davis Advisors to manage its client accounts. Please refer to Davis Advisors Form ADV Part 2 for more information regarding investment strategies, risks, fees, and expenses. Clients should also review other relevant material, including a schedule of investments listing securities held in their account.

Davis Advisors is committed to communicating with our investment partners as candidly as possible because we believe our clients benefit from understanding our investment philosophy and approach. Our views and opinions include "forward-looking statements" which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe," "expect," "anticipate," or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate.

This report discusses companies in conformance with Rule 206(4)-1 of the Investment Advisers Act of 1940 and guidance published thereunder. The companies we discuss are chosen in the following manner: starting at the beginning of the year, the holdings from a Large Cap Value and an All Cap Core model portfolio are listed in descending order based on percentage owned. Companies that reflect different weights are then selected. (For the first quarter, holdings numbered 1, 11, 21, and 31 are selected and discussed. For the second quarter, holdings numbered 2, 12, 22, and 32 are selected and discussed. This pattern then repeats itself for the following quarters. No more than two of these holdings can come from the same sector per piece.); one recent purchase and one recent sale are also discussed. A sale is defined as a position that is completely eliminated from the portfolio before the end of the quarter in question. If there were no purchases or sales, the purchases and sales are omitted from the report. If there were multiple purchases and/or sales, the purchase and sale discussed shall be the earliest to occur; no holding can be discussed if it was discussed in the previous three quarters. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to buy or sell any particular security.

There is no assurance that any of the securities discussed herein will remain in an account at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of any account's portfolio holdings. It should not be assumed that any of the securities discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. It is possible that a security was profitable over the previous five year period of time but was not profitable over the last year. In order to determine if a certain security added value to a specific portfolio, it is important to take into consideration at what time that security was added to that specific portfolio. A complete listing of all securities purchased or sold in an account, including the date and execution prices, is available upon request.

Broker-dealers and other financial intermediaries may charge Davis Advisors substantial fees for selling its products and providing continuing support to clients and shareholders. For example, broker-dealers and other financial intermediaries may charge: sales commissions; distribution and service fees; and record-keeping fees. In addition, payments or reimbursements may be requested for: marketing support concerning Davis Advisors' products; placement on a list of offered products; access to sales meetings, sales representatives and management representatives; and participation in conferences or seminars, sales or training programs for invited registered representatives and other employees, client and investor events, and other dealer-sponsored events. Financial advisors should not consider Davis Advisors' payment(s) to a financial intermediary as a basis for recommending Davis Advisors.

The Russell 3000 Index measures the performance of the 3,000 largest companies incorporated in the United States and its territories and listed on the NYSE, AMEX or NASDAQ. The companies are ranked by decreased total market capitalizations. The S&P 500 Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in an index.

Davis Large Cap Value Portfolio

The performance of mutual funds is included in the Composite. The performance of the mutual funds and other Davis managed accounts may be materially different. For example, the Davis New York Venture Fund may be significantly larger than another Davis managed account and may be managed with a view toward different client needs and considerations. The differences that may affect investment performance include, but are not limited to: the timing of cash deposits and withdrawals, the possibility that Davis Advisors may not purchase or sell a given security on behalf of all clients pursuing similar strategies, the price and timing differences when buying or selling securities, the size of the account, the differences in expenses and other fees, and the clients pursuing similar investment strategies but imposing different investment restrictions. This is not a solicitation to invest in the Davis New York Venture Fund or any other fund.

Returns from inception (April 1, 1969) through December 31, 2001, were calculated from the Davis Large Cap Value Composite (see description below). Returns from January 1, 2002, through the date of this report were calculated from the Large Cap Value SMA Composite. Davis Advisors' Large Cap Value Composite includes all actual, fee-paying, discretionary Large Cap Value investing style institutional accounts, mutual funds and wrap accounts under management including those accounts no longer managed. Effective January 1, 1998, a minimum account size of $3,500,000 was established. Accounts below this minimum are deemed not to be representative of the Composite's intended strategy and as such are not included in the Composite. A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite.

Davis Advisors' Large Cap Value SMA Composite excludes institutional accounts and mutual funds. Performance shown from January 1, 2002, through December 31, 2010, includes all eligible wrap accounts with a minimum account size of $3,500,000 from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. For the performance shown from January 1, 2011, through the date of this report, the Davis Advisors' Large Cap Value SMA Composite includes all eligible wrap accounts with no account minimum from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. The net of fees rate of return formula used by the wrap-fee style accounts is calculated based on a 3% maximum wrap fee charged by the wrap account sponsor for all account service, including advisory fees for the period January 1, 2006, and thereafter. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals. A list of Davis Advisors' Composites is available upon request.

The investment objective of a Davis Large Cap Value account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. Davis Large Cap Value accounts invest primarily in common stock of at least $10 billion. The principal risks are: stock market risk, manager risk, common stock risk, large-capitalization companies risk, mid- and small-capitalization risk, financial services risk, foreign country risk, emerging markets risk, foreign currency risk, depositary receipts risk, and fees and expenses risk. See the ADV Part 2 for a description of these principal risks.

Davis All-Cap Portfolio

The performance of mutual funds is included in the Composite. The performance of the mutual funds and other Davis managed accounts may be materially different. For example, the Davis Opportunity Fund may be significantly larger than another Davis managed account and may be managed with a view toward different client needs and considerations. The differences that may affect investment performance include, but are not limited to: the timing of cash deposits and withdrawals, the possibility that Davis Advisors may not purchase or sell a given security on behalf of all clients pursuing similar strategies, the price and timing differences when buying or selling securities, the size of the account, the differences in expenses and other fees, and the clients pursuing similar investment strategies but imposing different investment restrictions. This is not a solicitation to invest in the Davis Opportunity Fund or any other fund.

The Davis All-Cap Equity is represented by Davis Advisors' Multi-Cap Equity Composite. Performance shown from January 1, 1999, through December 31, 2005, is the Davis Advisors' Multi-Cap Composite which includes all actual, fee paying, discretionary Multi-Cap investing style institutional accounts, mutual funds and wrap accounts under management including those accounts no longer managed. Effective January 1, 1998, a minimum account size of $3,500,000 was established. Accounts below this minimum are deemed not to be representative of the Composite's intended strategy and as such are not included in the Composite. A time-weighted internal rate of return formula is used to calculate performance for the accounts included in the Composite. For the net of advisory fees performance results, custodian fees are treated as cash withdrawals and advisory fees are treated as a reduction in market value. For mutual funds, the Composite uses the rate of return formula used by the open end mutual funds calculated in accordance with the SEC guidelines adjusted to treat mutual fund expenses other than advisory fees as cash withdrawals; sales charges are not reflected.

Effective January 1, 2011, Davis Advisors created a Multi-Cap SMA Composite which excludes institutional accounts and mutual funds. For performance shown from January 1, 2006, through December 31, 2010, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts with a minimum account size of $3,500,000 from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. For the performance shown from January 1, 2011, through the date of this report, the Davis Advisors' Multi-Cap SMA Composite includes all eligible wrap accounts with no account minimum from inception date for the first full month of account management and includes closed accounts through the last day of the month prior to the account's closing. Wrap account returns are computed net of a 3% maximum wrap fee. For the gross performance results, custodian fees and advisory fees are treated as cash withdrawals. A list of Davis Advisors' Composites is available upon request.

The investment objective of a Davis Multi-Cap Equity account is long-term growth of capital. There can be no assurance that Davis will achieve its objective. The principal risks are: stock market risk, manager risk, common stock risk, large-capitalization companies risk, mid- and small-capitalization companies risk, headline risk, foreign country risk, emerging markets risk, foreign currency risk, depositary receipts risk, and fees and expenses risk. See the ADV Part 2 for a description of these principal risks.

Small cap companies have market capitalizations less than $3 billion. Mid cap companies have market capitalizations from $3 billion to $10 billion. Large cap companies have market capitalizations greater than $10 billion. Under normal circumstances, the Multi-Cap Equity Composite invests the majority of its assets in equity securities issued by companies with market capitalizations of less than $20 billion.

Davis Advisors
2949 East Elvira Road, Suite 101, Tucson, AZ 85756
800-717-3477

Item #3845 6/17